



## *Report to the Auburn Urban Development Authority*

Action Item	4
Agenda Item No.	
City Manager's Approval	

**To:** Chair and Authority Members  
**From:** Wilfred Wong, Community Development Director  
**Date:** November 9, 2009  
**Subject:** Mercy Auburn Senior Apartments – Commitment of AUDA Funding associated with HUD 202 application

### *The Issue*

Should the Auburn Urban Development Authority approve a commitment to contribute \$300,000 from the Redevelopment Low/Moderate Housing Set Aside fund in association with the HUD 202 application for the Mercy Auburn Senior Apartment project?

### *Conclusions and Recommendation*

- A. By Resolution, the Auburn Urban Development Authority (AUDA) approves a commitment to contribute \$300,000 from the Redevelopment Low/Moderate Housing Set Aside fund toward the construction of the Mercy Auburn Senior Apartment project.

### *Background*

The City of Auburn has been approached by Mercy Housing California to develop the Mercy Auburn Senior Apartments, a new 60-unit affordable senior apartment complex on the 33-acre Sisters of Mercy campus located at 535 Sacramento Street (Attachment 1). The development would include a number of amenities including: a full-time, live-in property manager; a community garden; a community room; a community kitchen; a library; a computer room; on-site laundry rooms; an exercise/walking path; and a full time resident services coordinator.

Earlier this year the State of California Department of Housing and Community Development (HCD) issued a HOME Program Funding Notice of Funding Availability (NOFA) to assist cities, counties and nonprofit community housing development organizations to create and retain affordable housing. In response to the 2009 NOFA, the Auburn City Council on August 10, 2009 directed staff to make application to HCD for the HOME funding (Resolution 09-104). In addition, the Auburn Urban Development Authority expressed their commitment of \$300,000 from the Low/Mod Set-Aside Fund for the construction of the project (AUDA Resolution 09-10). Unfortunately, last month the City and Mercy Housing were notified by HCD that the Mercy Auburn Senior Apartment project was not selected for funding.

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**Proposed Application**

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Mercy Housing is now pursuing alternative funding and is currently in the process of submitting an application to the U.S. Department of Housing and Urban Development (HUD) for HUD 202 funding to assist in financing the project. As with the recent HOME funding request, it is beneficial for the City to demonstrate its interest in the project. Staff is therefore proposing, consistent with the AUDA's commitment on the HOME request, that the Redevelopment Agency authorize \$300,000 from the Redevelopment Low/Moderate Housing Set Aside fund to assist with gap financing. Local funds contributed to the program are counted as leverage and increase the competitiveness of their application. Exhibit A is the resolution for this funding commitment.

The HUD funds, as well as the Redevelopment Agency funds, will help assist in financing the construction of the development and ensure the long-term affordability of the units to some of Auburn's lowest income seniors. The project helps the City of Auburn meet its affordable housing obligation with the Regional Housing Needs Allocation numbers from HCD and also contributes to the Redevelopment Agency's housing numbers.

Mercy Auburn Senior Apartments is designed to serve seniors aged 62 years and older at very low and extremely low-incomes. A particular focus will be the senior population that is at-or-below the poverty level. The proposed unit mix and income targeting is as follows:

- 41 one bedroom units @ 25% of Area Median Income
- 18 one bedroom units @ 50% of Area Median Income
- 1 two bedroom manager's unit

According to the 2000 Census, 2,261 seniors lived in Auburn, approximately 18% of Auburn's population. Many seniors in the Auburn area were paying more than 30% of their limited income on housing expenses. Of the 2,261 seniors living in Auburn, 833 were renters. According to the draft 2008 Housing Element for the City of Auburn, 57% of these renters or 475 seniors, pay over 30% of their income for housing expenses. Undoubtedly, this trend is skewed heavily towards lower income seniors.

6.1% or 138 of Auburn's seniors are below the poverty line. There is a larger percentage of the senior population that is extremely and very low income and would qualify for residency at the Mercy Auburn Senior Apartments. According to HUD published income limits for Placer County for 2008, a one-person household earning \$24,850 qualifies as someone at 50% of the Area Median Income (AMI) or as a "very low-income person."

The draft Placer County Housing Element (March 2008) states that there are 20,062 seniors (age 65+) in the incorporated and unincorporated areas of Placer County. These seniors represent 13.1% of Placer County's total population. Of these seniors 3,427 or 17% are renters. Approximately 54% of these senior renters are paying more than 30% for housing expenses. Again, this trend is likely worse for very low and extremely low income seniors.

Perhaps the most compelling evidence of real and current demand for affordable independent senior housing is the length of wait on existing waiting lists. A recent phone survey (July 2008)

of the following five surrounding (in the expected market area) and similar (low-income senior) properties demonstrates the extensive need for more affordable independent senior housing:

Property	Location (City / County)	Wait List Time
Auburn Ravine Terrace	Auburn / Placer	18 months
Brookside Park Senior Apts	Auburn / Placer	24 months
Canyon View Apts	Colfax / Placer	12 months
Diamond Sunrise	Diamond Springs / El Dorado	24 months
Eskaton Lincoln Manor	Placerville / El Dorado	18-24 months

Other highly compelling data is available from the Housing Authorities of Placer, Nevada, El Dorado and Sacramento. All waiting lists are currently closed and no longer accepting applications. Those lucky enough to be on the waiting list have up to several years before their number is called and the waiting lists are not anticipated to open any time soon.

Based on the need demonstrated in the information provided above, staff supports the Mercy Auburn Senior Apartment project and recommends that the AUDA approve the resolution committing \$300,000 (Exhibit A).

**Alternatives Available to Council; Implications of Alternatives**

- A. Approve the AUDA resolution to contribute \$300,000 from the Auburn Redevelopment Agency. Approval will assist Mercy Housing in obtaining gap financing for the construction of the Mercy Auburn Senior Apartment complex.
- B. Deny the resolution. Denial may negatively affect Mercy's ability to obtain HUD 202 funding needed to construct the Mercy Auburn Senior Apartment complex.

**Fiscal Impacts**

AUDA Commitment – \$300,000 from the Redevelopment Agency's Low/Moderate Housing Set Aside fund.

**Additional Information**

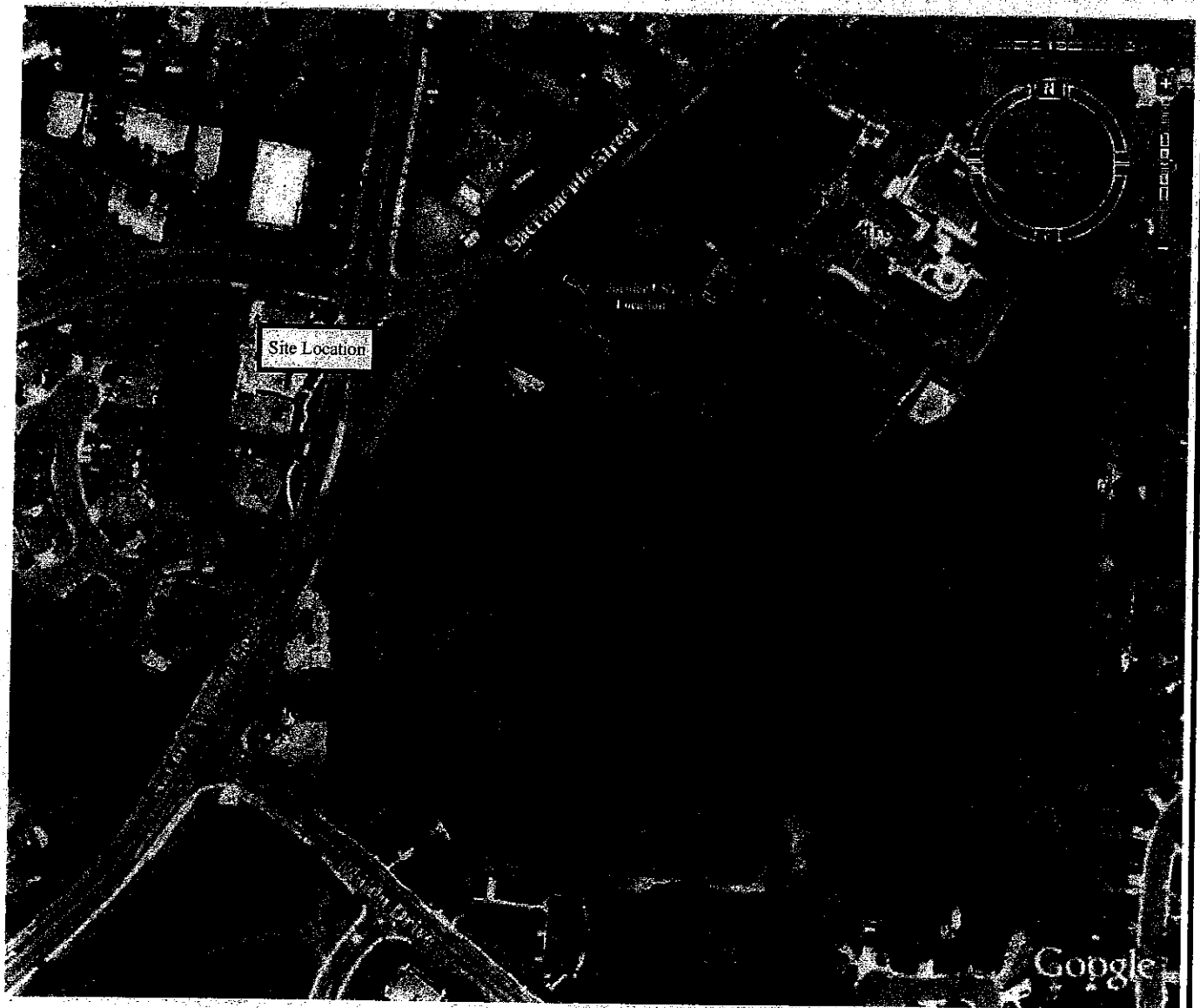
Find attached the following

Attachments:

- 1. Site Location Map

Exhibits:

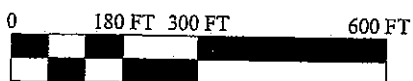
- A. AUDA Resolution approving a commitment to contribute \$300,000 toward the construction of the Mercy Auburn Senior Apartment project.



Source: GoogleEarth, 2008



Approximate Scale: 1" = 300'



Note: All locations are approximate

**SITE MAP**  
UNDEVELOPED PROPERTY  
SISTERS OF MERCY FACILITY  
535 Sacramento Street  
Auburn, California



**FIGURE 2**

**EXHIBIT A**

**RESOLUTION NO. 09-**

**RESOLUTION APPROVING A COMMITMENT TO CONTRIBUTE AUDA FUNDS FOR  
THE CONSTRUCTION OF THE MERCY AUBURN SENIOR APARTMENT PROJECT  
AT 585 SACRAMENTO STREET**

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**THE AUBURN URBAN DEVELOPMENT AUTHORITY DOES HEREBY RESOLVE:**

Whereas, Mercy Housing California has expressed its intent to construct the Mercy Auburn Senior Apartments, a 60-unit rental apartment complex affordable to seniors to be located at 585 Sacramento Street; and

Whereas, Mercy Housing California is submitting an application to HUD requesting an allocation of Capital Grant and PRAC funds of up to \$6,030,006;

Now therefore be it resolved that the Auburn Urban Development Authority hereby commits \$300,000 from the Low/Mod Set-Aside Fund for the construction of the Mercy Auburn Senior Apartment Project. The commitment shall lapse if the HUD 202 funding request is denied, if the applicant abandons the project, or necessary governmental entitlements for the project are denied.

DATED: November 9, 2009

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J.M. Holmes, Chair

ATTEST:

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Joseph G. R. Labrie, Secretary

1 I, Joseph G. R. Labrie, Secretary of the Auburn Urban Development  
2 Authority; hereby certify that the foregoing resolution was duly passed at a  
3 regular meeting of the Auburn Urban Development Authority held on the 9th  
4 day of November 2009 by the following vote on roll call:

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6 Ayes:  
7 Noes:  
8 Absent:

9 Joseph G. R. Labrie, Secretary

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